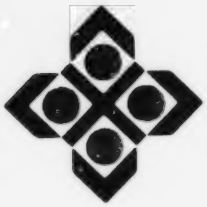


Liquor
Control Board
of Ontario

Formed in 1927, the Liquor Control Board of Ontario was incorporated as a Crown Corporation under The Liquor Control Act, 1975. The Board regulates the sale and transportation of liquor throughout the province and establishes stores for the sale of liquor to the public. Also, it purchases products for sale to the public and maintains quality control over those products.

60th REPORT

APRIL 1ST 1985 to MARCH 31ST 1986

THE NEW LCBO LOGO

The symbol appearing on the front cover is our new LCBO logo.

This new logo was designed to symbolize a variety of images pertaining to our organization.

The logo represents a wine rack containing four bottles viewed from the side, or a case of wine or spirits as viewed from above.

The cross in the centre represents the balance between supply and moderation which we strive for.

The four stylized L's which form the surrounding corners are arrows which indicate direction or movement of our products. They also illustrate the points of a compass to indicate the fact that our products come from the four corners of the world and are distributed to all points in Ontario.

Four circles are representative of our four major distribution areas. The circles also represent our most important resource - people.

Burgundy, white and gold were chosen to depict the colours most often seen in our products.

The logo is symbolic of our commitment to running the LCBO as a progressive and consumer oriented business.

LIQUOR CONTROL BOARD OF ONTARIO
APRIL 1, 1985 to MARCH 31, 1986

BOARD MEMBERS

J.W. Ackroyd, Chairman and Chief Executive Officer

U.O. Ferdinand, Vice-Chairman

F.H.S. Hooper

R.D. Rowe

J.M. Thompson

EXECUTIVE DIRECTORS COMMITTEE

J.W. Ackroyd, Chairman and Chief Executive Officer

U.O. Ferdinand, Vice-Chairman

J.R. Mahoney, Legal Counsel

D.H. Jackman, Executive Vice-President, Operations

F.A. MacInnis, Executive Vice-President, Administration

Highlights

	1986	1985	1984
	($'000)	($'000)	($'000)
Sales	**$1,646,814**	$1,599,337	$1,504,738
Increase in %/ previous year	**2.9%**	6.2%	2.6%
	($'000)	($'000)	($'000)
Operating expenses	**$ 196,330**	$ 180,863	$ 207,507
% of expenses/sales	**11.9%**	11.3%	13.8%
	($'000)	($'000)	($'000)
Net income	**$ 612,573**	$ 604,282	$ 542,115
% of income/sales	**37.2%**	37.8%	36.0%
Self-serve stores in operation	**529**	519	500
Total stores in operation	**610**	610	602
Number of permanent employees	**3,308**	3,241	3,282
Number of regular products listed	**2,800**	2,527	2,359

Liquor Control Board of Ontario

The Honourable L. M. Alexander, P.C., K.ST.J., Q.C., B.A., LL.D.
The Lieutenant Governor of Ontario
Queen's Park
Toronto, Ontario, M7A 1A1

55 Lake Shore Boulevard East
Toronto, Ontario M5E 1A4
September 8, 1986

Your Honour,

The 60th Report and Financial Statements of the Liquor Control Board of Ontario, as well as the Report of the Provincial Auditor, are submitted herewith pursuant to Section 7 of the Liquor Control Act, R.S.O. 1980.

This report summarizes the Board's activities during the fiscal year ended March 31, 1986 and includes operational highlights for the year.

The previous year's sales volume increased significantly in March, 1985 during the Ontario brewing industry labour dispute which, on a comparative basis, explains the current year's volume decline. The sales trends of the previous year were evident again this year. Imported wines continued to be the largest growth category and domestic spirits experienced another year of declining sales. In addition, domestic wines suffered a significant decrease in sales volume and lost market share during the year.

Profits remitted to the Treasurer of Ontario were $638 Million which was 6% greater than last year. This increase reflected a greater availability of funds from a reduction in inventory levels as well as normal profits from operations.

This past year has seen the introduction of a number of new initiatives and programs to support the LCBO's philosophy of a high standard of quality and service to the people of Ontario. The Strategic Planning process identified a need to change our public image and service through an improved marketing and merchandising orientation. The "Image Programme", which commenced in September, 1985 as a pilot project for nineteen stores, had expanded to 115 stores by March 31, 1986. Our stores took on a new look for our customers with industry end-aisle display programs, re-organized store layouts and generic product displays designed by store staff. Regional training teams conducted seminars in product knowledge and customer service to assist our employees in carrying out these new initiatives.

The fall of 1985 also marked the opening of two very different LCBO stores, "VINTAGES". The design of these boutique style stores is a departure from regular liquor stores and creates an attractive and comfortable shopping environment. Complementing this exciting new venture was the inauguration of an in-store tasting program at "VINTAGES".

Another significant event during the year was the introduction of the new LCBO logo and visual identity program. This new visual identity is another approach we have adopted to project our new image.

I would like to express my appreciation to all employees of the Board for their dedication and efforts towards our success again this year. The full and part-time Board members also deserve special thanks for all their support.

Your Obedient Servant,
J.W. Ackroyd,
Chairman.

Sales

Total sales of spirits, wine and beer by Board stores during the fiscal year ended March 31, 1986 were $ 1,646,814,345. Of this total $262,396,961 or 15.9% consisted of sales to licensed establishments. Sales of Ontario wine made directly to customers by licensed retail wine stores and wineries in Ontario amounted to $43,457,549. The net value of beer sold in Ontario by breweries and brewers' retail outlets exclusive of the cost of containers, totalled $1,276,613,364.

The following tables show increases (decreases) in sales for the fiscal year under review as compared with the previous year's totals:

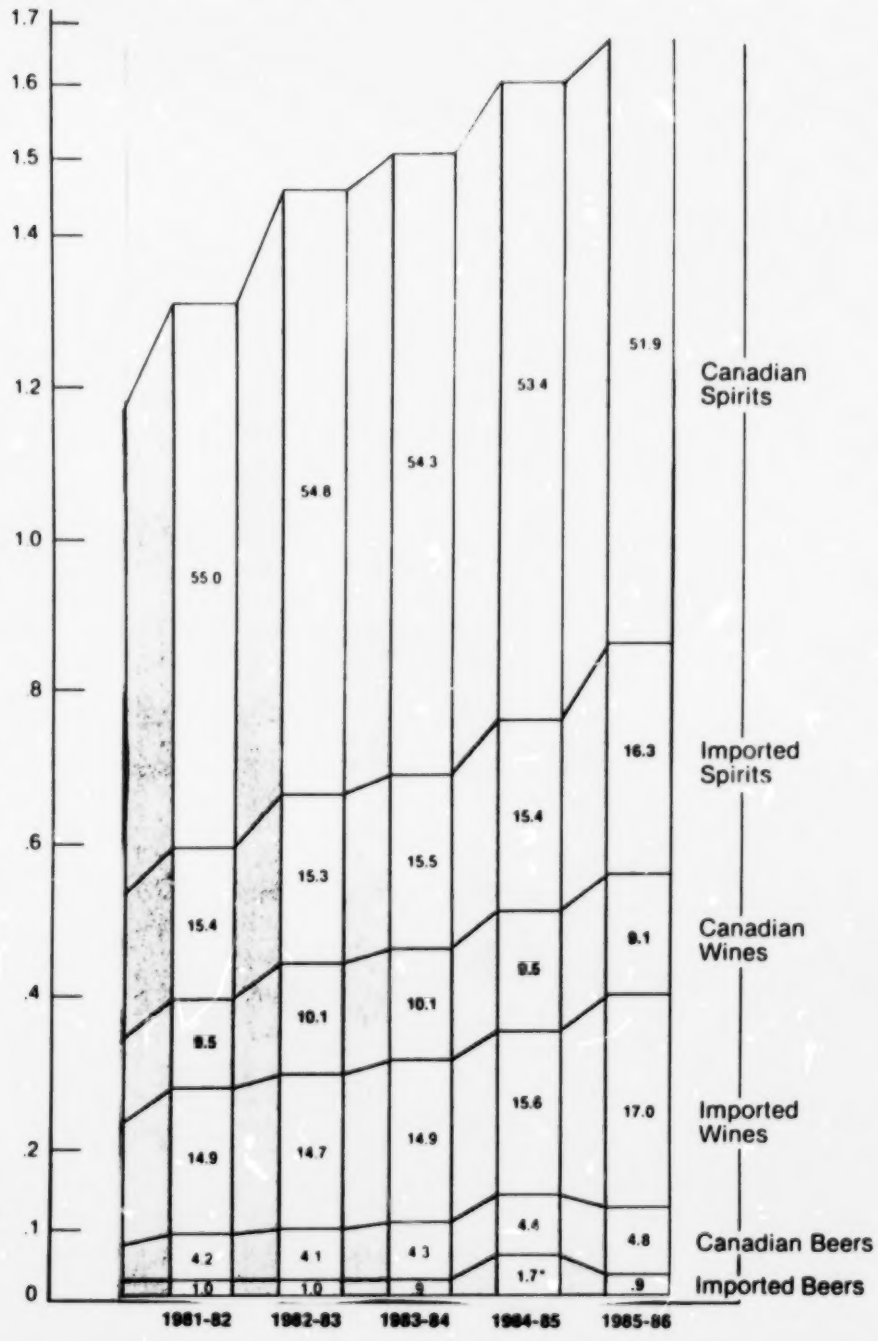
Sales by Value ($'000)

	Fiscal Year Ended March 31, 1986	Fiscal Year Ended March 31, 1985	Increase (Decrease)
Sales by Board Stores			
Canadian Spirits	$ 854,785	$ 853,543	$ 1,242
Imported Spirits	267,470	245,323	22,147
*Canadian Wines	150,003	152,007	(2,004)
Imported Wines	280,295	250,012	30,283
Canadian Beers	79,089	70,317	8,772
**Imported Beers	15,172	28,134	(12,962)
Total Sales by Board Stores	$1,646,814	$1,599,336	$ 47,478
Sales by Ontario Wineries and Winery Stores	$ 43,458	$ 42,879	$ 579
Sales by Breweries and Brewers' Retail Stores (exclusive of container value)	$1,276,613	$1,119,289	$157,324

*Includes Ontario wine sales of $145,536 during fiscal year ended March 31, 1986 compared with $145,864 during previous year.

**Sales of imported beer during fiscal year ended March 31, 1985 were significantly greater because of the Ontario brewery labour dispute in March 1985.

Dollar Sales By Category: Percent of Total 1981-82 to 1985-86



*The increase in imported beer sales is attributable to the labour dispute which closed the major breweries in Ontario for most of March 1985

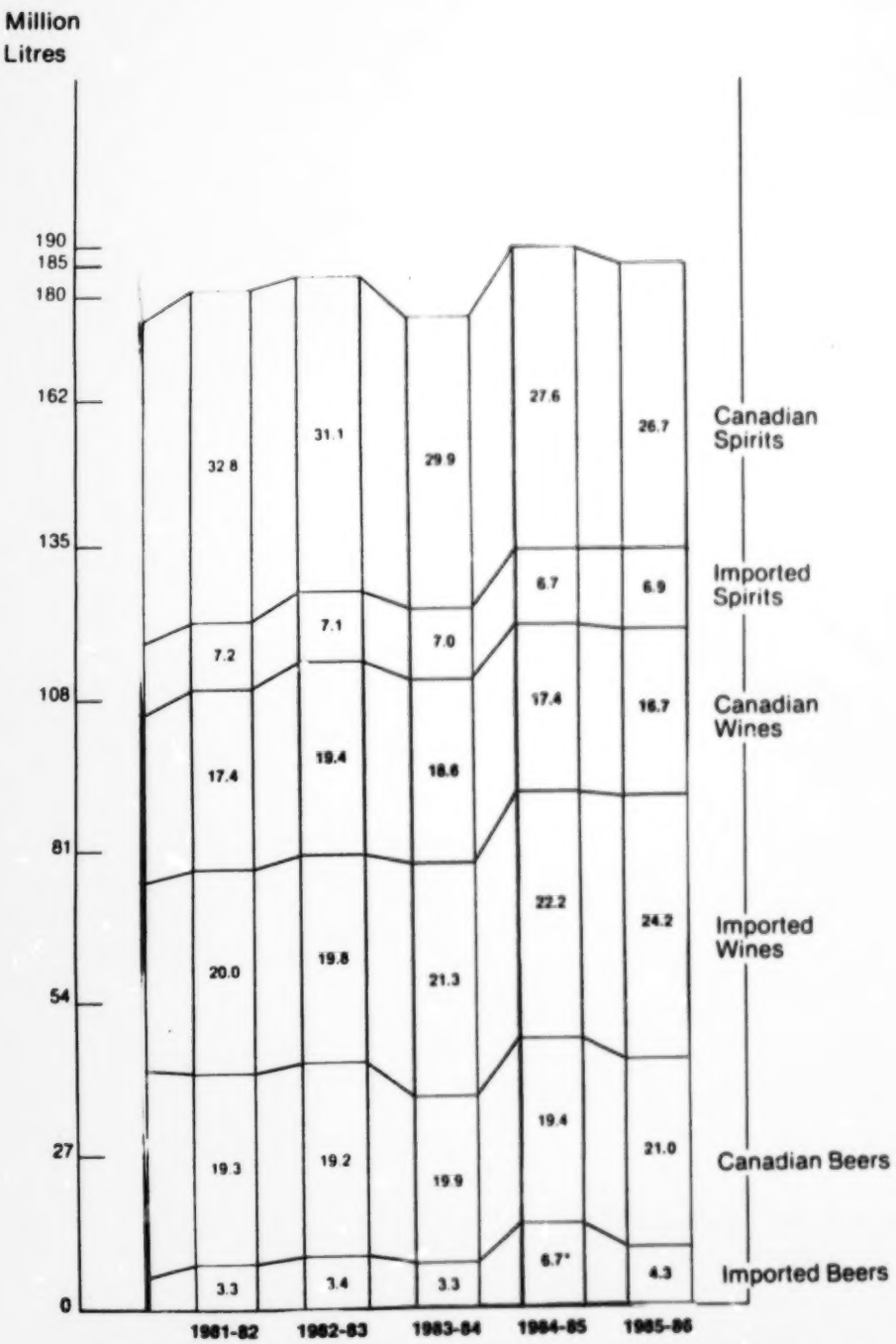
Sales by Litres ('000's)

	Fiscal Year Ended March 31, 1986	Fiscal Year Ended March 31, 1985	Increase (Decrease)
Sales by Board Stores			
Canadian Spirits	49,662	52,199	(2,537)
Imported Spirits	12,980	12,578	402
*Canadian Wines	31,124	32,982	(1,858)
Imported Wines	44,957	41,983	2,974
Canadian Beers	39,021	36,627	2,394
**Imported Beers	8,077	12,646	(4,569)
Total Sales by Board Stores	185,821	189,015	(3,194)
Sales by Ontario Wineries and Winery Stores	9,582	9,931	(349)
Sales by Breweries and Brewers' Retail Stores	756,463	716,147	40,316

* Includes Ontario wine sales of 30,070 thousand litres during fiscal year ended March 31, 1986 compared with 31,674 thousand litres during previous fiscal year.

** Sales of imported beer during fiscal year ended March 31, 1985 were significantly greater because of the Ontario brewery labour dispute in March, 1985.

Litre Sales By Category: Percent of Total
1981-82 to 1985-86



*The increase in imported beer sales is attributable to the labour dispute which closed the major breweries in Ontario for most of March 1985

Revenue Payments

Levies on beverage alcohol sold in the province during the year contributed an amount in excess of $1.1 billion to the Treasurer of Ontario and revenue paid to the Government of Canada exceeded $590 million. These amounts do not include corporation, realty and business taxes paid by the distilleries, wineries, breweries and licence holders. Ontario retail sales tax collected by licence holders and agency stores on sales of beverage alcohol is also excluded from these figures.

A summary of these revenue payments is as follows

Treasurer of Ontario		
Remitted by the Liquor Control Board		
—on account of profits	$638,000,000	
—Ontario retail sales tax on sales through liquor stores	164,049,641	
	802,049,641	
Remitted by the Liquor Licence Board		
—on account of licence fees and permits	267,202,779	
Remitted by Others		
—Ontario retail sales tax on sales through brewers' retail stores and retail wine stores	117,125,725	$1,186,378,145
Receiver General For Canada		
Paid by the Board		
—Customs and Excise Duties	258,156,550	
—Federal sales tax on spirits, wines and imported beers	80,361,290	
	338,517,840	
Paid by Others		
—Malt duties and taxes on domestic beers and wines	252,119,372	590,637,212
Ontario Municipalities		
Paid by the Liquor Control Board		
—Grants in lieu of realty and business taxes		4,114,038
		$1,781,129,395

Retail Price Breakdown Examples As At March 31, 1986

Domestic Spirit—750 mL Bottle (26.4oz)

Provincial Sales Tax	$ 1.57
LCBO Mark-Up & Levy	6.91
Federal Sales Tax	.76
Federal Excise Duty	3.10
Supplier Price to LCBO	2.36
	$14.70

Summary

Supplier	2.36
Federal Government	3.86
Provincial Government	8.48
	14.70

Imported Spirit—750 mL Bottle (26.4oz)

Provincial Sales Tax	$ 1.82
LCBO Mark-Up & Levy	8.31
Federal Sales Tax	.81
Federal Import Duty	3.14
Supplier Price to LCBO	2.87
	$16.95

Summary

Supplier	2.87
Federal Government	3.95
Provincial Government	10.13
	16.95

Ontario Table Wine—1 Litre Bottle (35.2 oz.)

Provincial Sales Tax	$ .59
LCBO Mark-Up & Levy	1.89
Federal Sales Tax	.37
Federal Excise Duty	.43
Supplier Price to LCBO	2.22
	$5.50

Summary

Supplier	2.22
Federal Government	.80
Provincial Government	2.48
	5.50

Imported Table Wine—1 Litre Bottle (35.2 oz.)

Provincial Sales Tax	$ .63
LCBO Mark-Up & Levy	2.97
Federal Sales Tax	.25
Federal Duty & Excise	.49
Supplier Price to LCBO	1.56
	$5.90

Summary

Supplier	1.56
Federal Government	.74
Provincial Government	3.60
	5.90

Financial Statements

LIQUOR CONTROL BOARD OF ONTARIO

Balance Sheet

as at March 31, 1986

ASSETS

	1986 ($'000)	1985 ($'000)
Current		
Cash	8,959	20,139
Accounts receivable, trade and others	3,932	2,862
Inventories, at cost	158,812	186,272
Prepaid expenses	646	958
	172,349	210,231

LIABILITIES AND RETAINED INCOME

Current		
Accounts payable and accrued liabilities	107,726	120,181
Retained income	64,623	90,050
	172,349	210,231

See accompanying notes to financial statements

Approved

J.W. ACKROYD
Chairman

F.A. MacINNIS
Executive Vice-President
Finance

Audit Report

To the Liquor Control Board of Ontario and
to the Minister of Consumer and Commercial Relations.

I have examined the balance sheet of the Liquor Control Board of Ontario as at March 31, 1986 and the statements of income and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policy described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

A report on the audit will be made to the Board and to the Minister.

Toronto, Ontario,
August 29, 1986

D.F. Archer, F.C.A.,
Provincial Auditor.

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Income

Year ended March 31, 1986

	1986 ($'000)	1985 ($'000)
Sales	1,646,814	1,599,337
Cost of sales	843,992	821,552
Gross income	802,822	777,785
Operating expenses		
Salaries and employee benefits	141,828	131,886
Rent	16,540	15,402
Fixed assets	7,680	7,176
Store supplies and expenses	4,769	4,226
Utilities	4,525	4,237
Grants in lieu of taxes	4,114	4,016
Repairs and maintenance	3,790	3,394
Office supplies and expenses	3,131	2,216
Communication and travelling	2,081	1,910
Stock breakage and losses	1,900	1,472
Bank charges	1,246	1,013
Armoured car services	1,126	1,140
Agency commissions and expenses	1,014	996
Other	2,586	1,779
	196,330	180,863
Operating income	606,492	596,922
Other income		
Special occasion permit purchase fees	4,281	3,618
Interest on bank balances	211	2,140
Miscellaneous income	1,589	1,602
	6,081	7,360
Net income for the year	612,573	604,282

See accompanying notes to financial statements.

LIQUOR CONTROL BOARD OF ONTARIO

Statement of Retained Income

Year ended March 31, 1986

	1986 ($'000)	1985 ($'000)
Balance, beginning of year	90,050	87,768
Add net income for the year	612,573	604,282
	702,623	692,050
Deduct payments to the Treasurer of Ontario on account of net income	638,000	602,000
Balance, end of year	64,623	90,050

See accompanying notes to financial statements

LIQUOR CONTROL BOARD OF ONTARIO

Notes to Financial Statements

March 31, 1986

1. ACCOUNTING POLICY

The Board's financial statements are prepared in accordance with generally accepted accounting principles except for fixed assets which are written off to operations at the time of acquisition and carried on the books at a nominal value of $1.

2. SELF-INSURANCE

The Board follows the policy of self-insuring its store assets for property damage such as fire, water and vandalism or theft.

3. FIXED ASSETS

The total accumulated costs of fixed assets at year end, less disposals, are as follows:

	1986 ($'000)	1985 ($'000)
Land	14,163	13,915
Buildings	155,726	152,243
Furniture and equipment	12,898	11,629
Leasehold improvements	13,755	11,605
	196,542	189,392

4. LEASE COMMITMENTS

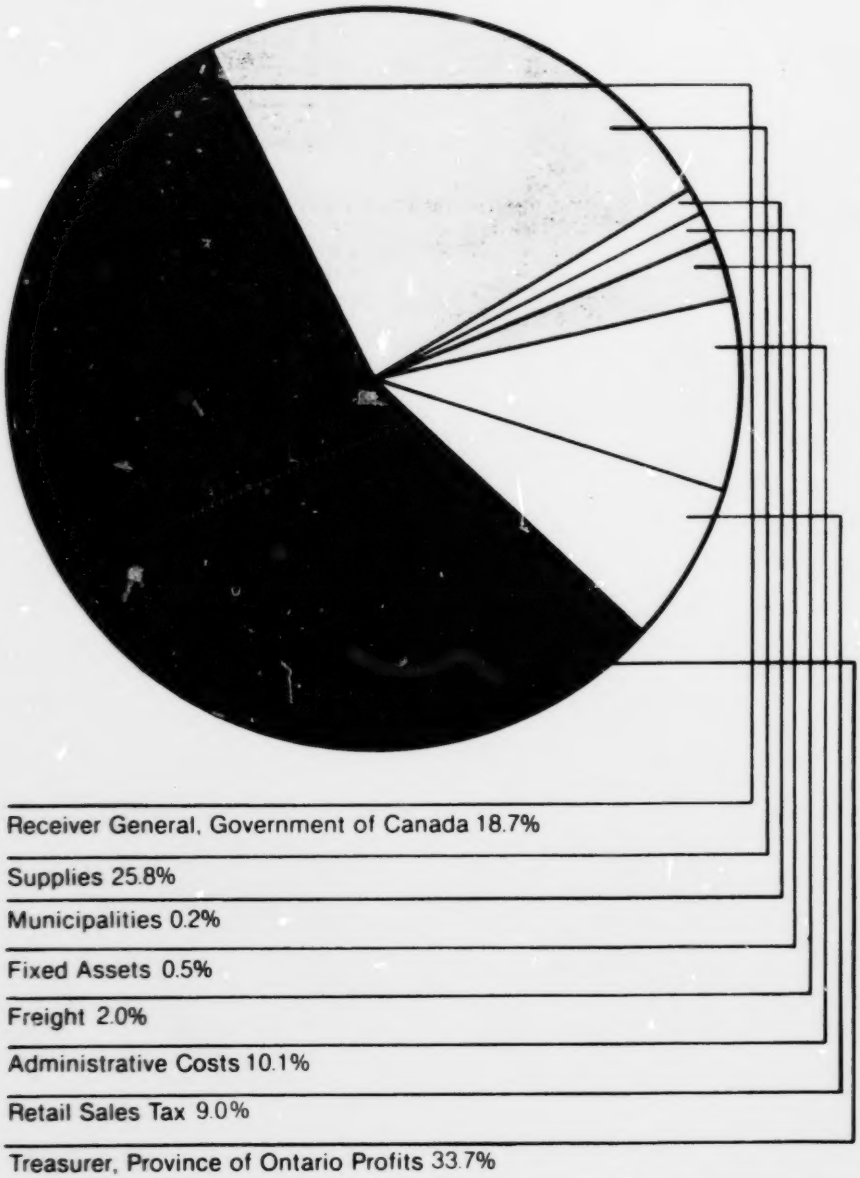
The Board is committed under operating leases on leased premises with future minimum rental payments due as follows:

	($'000)
1987	11,258
1988	10,039
1989	8,568
1990	7,202
1991	5,639
Thereafter	11,693
	54,399

5. COMPARATIVE FIGURES

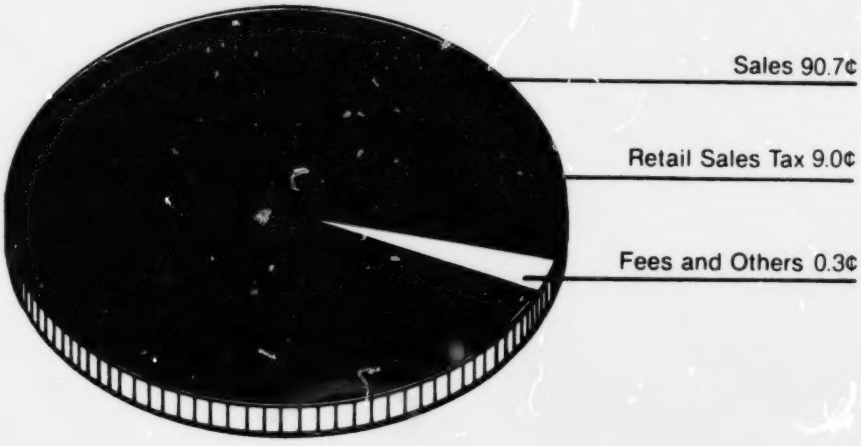
Comparative figures have been reclassified where necessary to conform with 1986 presentation.

Liquor Control Board of Ontario
Distribution of Gross Revenue
1985-1986

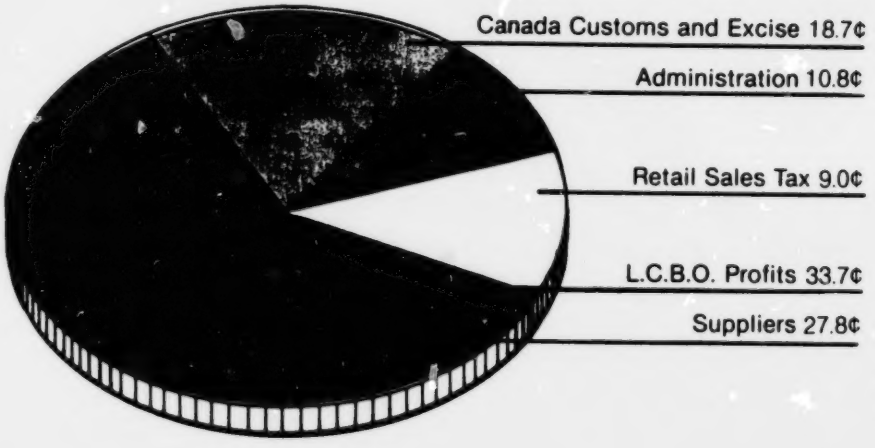


The L.C.B.O. Dollar
1985-1986

Where it came from



How it was spent



Retail Division

This division is responsible for the administration and operations of our organization's retail network. The LCBO operated 610 stores during the year including the Toronto distribution depot, two duty-free stores at the Pearson International Airport and four "Vintages" stores.

Eight new self-service outlets were opened at the following locations:

Store #234	250 Wincott Drive, Etobicoke
Store #165	76 Mall Road, Hamilton
Store #453	P.O. Box 269, 96 Leslie Street, Newmarket
Store #608	Ney Avenue, P.O. Box 610, Port McNicoll (Summer)
Store #613	P.O.Box 222, Sundridge
Store #616	470 Hodder Ave., Unit #101, Thunder Bay
Store #703	2512 Bayview Ave., North York (Vintages)
Store #705	1900 Dundas St. West, Mississauga (Vintages)

Other changes to store operations during the year included converting 10 conventional LCBO stores to self-service operations at their existing locations and the relocation and conversion of Store #202 from 399 Campbell Street to 1142 Lakeshore Road, Sarnia, N7V 2V8. In keeping with LCBO policy of conversion to self-serve operations, there were 529 self-serve stores at March 31, 1986 representing 87 percent of all stores. It is our goal to convert the remaining stores to self-serve by 1990.

During the year extended hours of store operation were implemented to improve customer service. All stores are now open to the public at 9:30 a.m.. In addition all stores having more than one permanent employee observe a six day per week operation and all one person stores commenced staying open for business during lunch hour.

The Image Programme which commenced in the fall of 1985 has received enthusiastic support from our customers, our staff and members of the trade. Regional training teams are providing instruction to store staff in the skills of product knowledge, customer service and merchandising, including modern product presentation techniques.

In September, 1985 the name of the former rare wines store was officially changed to VINTAGES and 2 new vintage stores were opened before the end of 1985. The boutique nature of these stores provides a unique concept for merchandising fine wines, spirts and beers in Ontario. In addition to a commitment to customer service, Vintages provide a wide selection of exciting products from which to choose.

Agency Stores

During the year one agency store changed ownership and one agency became a year round operation. At March 31, 1986 there were 69 agency stores in operation.

Breweries and Brewers' Retail Stores

Five new brewers' retail stores were opened at the following locations:

June 24, 1985	30 Second Street, Markham (Unionville)
November 18, 1985	2535 Major Mackenzie Drive, Vaughan
December 11, 1985	155 Yonge Street North, Newmarket
December 12, 1985	1225 Wonderland Road, London
December 16, 1985	35 Larkin Drive, Nepean (Barrhaven)

The number of stores in operation as of March 31, 1986 was 450.

Sales by Breweries to Other Provinces and Countries

(in thousands of litres)

	1986	1985	1984	1983	1982
Sales to Other Provinces	17,619	11,326	1,367	2,004	1,725
Export Sales	140,811	116,875	114,554	106,057	98,589
	158,430	128,201	115,921	108,061	100,314

Three new breweries opened during the year as follows;

July 25, 1985	Upper Canada Brewing Company, Toronto
August 13, 1985	Wellington County Brewery Limited, Guelph
March 27, 1986	Connors Brewing Company Ltd., Toronto

At fiscal year-end there were 20 brewery plants in Ontario licensed to sell beer. During the year laboratory analysis was conducted on brands of these breweries for compliance with Federal and Provincial regulations.

Wineries and Winery Retail Stores

The number of wineries in Ontario at March 31, 1986 was 17.

There was a net increase of 9 winery retail stores during the year as a total of 197 wine stores(133 regular and 64 mini stores) were in operation throughout the province at March 31, 1986.

Sales by Wineries to Other Provinces and Countries

(in thousands of litres)

	1986	1985	1984	1983	1982
Sales to Other Provinces	5,376	5,886	6,558	8,158	10,023
Export Sales	173	262	154	388	718
	5,549	6,148	6,712	8,546	10,741

The tonnage of Ontario grapes and apples used by the various Ontario wineries over the past five years is as follows:

	1986	1985	1984	1983	1982
Grapes used in the manufacture of wine	33,850	29,546	49,748	36,103	35,741
Grapes used in the manufacture of concentrate	5,315	3,724	4,257	1,326	2,898
Apples used in the manufacture of cider	840	464	417	552	164
	40,005	33,734	54,422	37,981	38,803

The following quantites of wine (in thousands of litres) were imported for blending in accordance with the conditions of the Wine Content Act,1976:

1986	1985	1984	1983	1982
855,961	932,518	914,360	786,395	843,078

Products and Distribution Division

This division was formed in January, 1986 with the activities of the Product and Distribution Divisions being combined into one division. This new division integrates all activities with respect to products from listings through to warehousing and delivery to the stores. More specifically, the division is responsible for carrying out the LCBO listing policy, ensuring the quality control is in accordance with Federal, Provincial and LCBO regulations, buying products, managing inventory levels and ensuring transportation and warehousing services.

The Durham warehouse facility became fully operational in February, 1986. By fiscal year-end all stock held in the leased facilities of Kipling warehouse and other outside warehouses had been moved to this location. In addition all import receipts from the new shipping season are now handled in a timely and efficient manner at the Durham site.

The product administration activity of the division included in a review of 1,537 formal applications for listings of wines, spirits or beers. The Listing Committee accepted 227 new products. In addition over 60 new Vintage products are released monthly which, on an annual basis, provides customers with a selection in excess of 1,200 such products.

During the past year, a total of 45 contaminated products were removed from LCBO Store shelves. Out of this total, 39 products were removed because of ethyl carbamate, 5 because of diethylene glycol and one product because of mesural. In December, 1985 Health and Welfare Canada certified the LCBO laboratory and validated the methodology used in testing for levels of ethyl carbamate. Plans are underway for expanding the laboratory's facilities in the coming year.

L.C.B.O. Product Listings

	March 31	
Domestic	1986	1985
Canadian Whisky	162	174
Canadian Blended Rums	128	111
Canadian Gin	67	65
Canadian Vodka	78	74
Canadian Brandy	6	6
Canadian Blended Brandy	20	15
Alcohol	5	5
Fruit Spirits	5	5
Miscellaneous Liquors	13	11
Canadian Liqueurs	110	116
Ontario Wines	635	580
Ontario Wine Coolers	21	4
Other Canadian Wines	17	19
Canadian Ciders	15	10
Canadian Beers	297	208
Miniatures	42	19
	1,621	1,422

	March 31	
Imported	1986	1985
Whisky—Scotch	87	87
—Irish	4	4
—Bourbons	3	3
—Tennessee	2	2
—Kentucky	1	1
—American	1	1
Gin	11	11
Rum	16	17
Vodka	7	7
Tequila	6	6
Brandy	59	58
Fruit Spirits	6	6
Miscellaneous Liquors	30	30
Liqueurs	68	62
Wines	771	731
Cider	1	1
Beer & Sake	28	23
Specialty Items	26	29
Miniatures	52	26
	1,179	1,105

	March 31, 1986	March 31, 1985
Total Regular Listing	2,800	2,527
Vintage Wines and Spirits	625	544
Duty Free Listings	66	56
Total Product Listings	3,491	3,127

Management Information Services Division (M.I.S.)

This division is responsible for providing management and information services such as business systems, data management, operating computer facilities and providing technical resources.

In January, 1986 a new divisional organizational structure was implemented inorder to better respond to future needs for this division's services.

Also of significance during the year was the purchase of a data base management system which will allow users to access data information required to plan and function in a more efficient manner. Users are able to transfer selected data from the main data base to personal computers for analysis and manipulation. The Information Centre continued to support the installation of personal computers throughout the organization. The installation of equipment and training took place in the Regional Directors' Offices in addition to various head office departments.

Contingency plans for system back up, in case of a major outage, were completed with the signing of a three year contract. Also, as part of the disaster recovery strategy, procedures are being documented and will be tested for appropriateness.

A pilot project was completed in which personal computers were connected through telephone switching equipment. This will be followed by testing the connection of personal computers and the mainframe computers as a network.

Support Services Division

This new division was formed in April, 1985. It is responsible for providing corporate support and administrative services in the areas of purchasing, security, mail and printing, communications, planning, records management, and properties management.

The division's activities during the fiscal year included co-ordinating the September, 1985 strategic planning conference of senior management which provided the focus for this year's divisional planning cycle. Also, the planning department was responsible for the development of the roll-out program for the LCBO's new logo and visual identity program. In addition the planning department has established a manuals development program to formally document the policies and procedures of the organization. The properties management department had an active role in the tendering and design of the two new Vintages stores located in North York and Mississauga.

Human Resources Division

This Division continues to develop and administer policies in areas such as human resource development, employee relations, recruitment, job evaluation, employee benefits, grievance procedures and union negiotations.

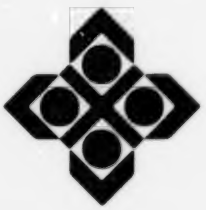
This past year has been spent addressing the recommendations of the Human Resources Task Force and supporting the numerous initiatives of the other Divisions of the LCBO. Developing a Pilot Training Store in Hamilton and a new performance appraisal system as well as implementing a new hiring process for Temporary Employees were among this Division's achievements. Other Divisions have been assisted in developing a plan in support of the Affirmative Action Program. The production of in-house training and information videos was started as an experiment and has become a permanent feature.

With enthusiastic support from the Human Resources Division, our employees, the most valuable resource of the LCBO, are being recognized, acknowledged and prepared for a new and dynamic future.

The number of Board members and permanent employees of the various divisions of the Board is as follows:

	March 31, 1986	March 31, 1985
Board Members	5	5
Staff of Departments		
Chairman's Office	1	1
Legal	2	2
Executive Vice-President, Administration	10	7
Audit	43	42
Security Services	3	3
Finance	58	59
Management Information Services	59	52
Planning	10	7
Records Management	4	5
Properties Management	14	15
Purchasing	6	4
Mail & Printing	9	8
Building Maintenance	13	14
Human Resources	31	26
Executive Vice-President, Operations	10	9
Product Administration	43	37
Bottling	19	17
Laboratory	11	9
Stores Administration	43	49
Stores	2,535	2,513
Warehouse Administration	25	17
Warehouses	357	342
Distribution Analysis	2	3
	3,308	3,241

In addition there were 1,935 temporary employees as of March 31, 1986 compared to 2,161 temporary employees as at March 31, 1985.



STATEMENT OF PURPOSE

The Liquor Control Board of Ontario is committed to providing the people of this province with a wide variety of quality products from around the world. These products will be available in attractive, modern stores staffed by courteous and knowledgeable employees.